



08029109

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response... 12.00

ANNUAL AUDITED REPORT SEC Mail Processing
FORM X-17 A-5 Section
PART III

SEC FILE NUMBER
8-48403

FEB 29 2008

FACING PAGE Washington, DC
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2007 AND ENDING 12/31/2007
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

OFFICIAL USE ONLY

PERRIN HOLDEN DAVENPORT CAPITAL, CORP

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5 Hanover Square, Mezzanine Level, New York, NY 10004

(City)

(No. and Street)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Peter Hoffman 212/566-5100

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Hagan & Burns CPA's PC

(Name - if individual, state last, first, middle name)

120 Broadway

(Address)

Suite 940

New York

(City)

NY

(State)

10271

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 21 2008

FOR OFFICIAL USE ONLY

THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information
contained in this form are not required to respond unless the form
displays a currently valid OMS control number.

2/20

OATH OR AFFIRMATION

I, Peter Hoffman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Perrin, Holden Davenport Capital Corp. as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

CFO
Title

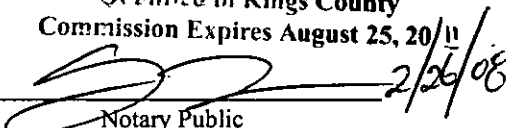
ONE MUI

State of New York

NY PMU6997695

Qualified in Kings County

Commission Expires August 25, 2011


Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17 a-5(e)(3).

PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2007

PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
INDEX
DECEMBER 31, 2007

Facing Page	1
Independent Auditors' Report	2
Financial Statements	
Statement of Financial Condition	3
Statement of Income	4
Statement of Changes in Stockholders' Equity	5
Statement of Changes in Liabilities Subordinated to Claims of General Creditors	6
Statement of Cash Flows	7
Notes to Financial Statements	8-11
Supplementary Information	12
Computation of Net Capital	13
Aggregate Indebtedness	13
Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5	14-15

120 Broadway
Suite 940
New York, NY 10271

TEL (212) 425-7790
FAX (212) 425-1165
E-mail: lhb@lhbassociates.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Perrin, Holden & Davenport Capital Corp.

We have audited the accompanying statement of financial condition of Perrin, Holden & Davenport Capital Corp. as of December 31, 2007, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors and cash flows for the year then ended, which have been prepared on the basis of accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Perrin, Holden & Davenport Capital Corp. as of December 31, 2007, and the results of its income and retained earnings and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained in the supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Hagan & Burns
CPA's PC

Hagan & Burns CPA's P.C.

New York, New York
February 18, 2008

PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2007

Assets

Cash and cash equivalents	\$ 58,157
Receivable from clearing broker	542,485
Deposit with clearing broker	100,000
Property and equipment - net of accumulated depreciation and amortization of \$300,265	68,595
Other assets	<u>66,865</u>
Total Assets	<u>\$ 836,102</u>

Liabilities And Stockholders' Equity

Liabilities

Accrued expenses and other liabilities	<u>\$ 346,084</u>
--	-------------------

Total Liabilities	<u>346,084</u>
--------------------------	-----------------------

Commitments And Contingent Liabilities

Liabilities subordinated to claims of general creditors	<u>455,575</u>
--	----------------

Stockholders' Equity

Common stock, \$0.01 par value, 20,000 shares	
Authorized, 110.848 shares issued and outstanding	1
Additional paid in capital	190,335
Retained earnings (deficit)	<u>(155,893)</u>

Total Stockholders' Equity	<u>34,443</u>
-----------------------------------	----------------------

Total Liabilities And Stockholders' Equity	<u>\$ 836,102</u>
---	--------------------------

The accompanying notes are an integral part of these financial statements.

PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2007

Revenue

Commissions	\$ 4,188,205
Trading	444,845
Investment banking	543,500
Interest and dividends	87,749
Fees, rebates and other	<u>456,484</u>

Total Revenue 5,720,783

Expenses

Employee compensation and related expenses	3,279,337
Promotional costs	96,299
Interest expense	4,292
Clearance fees	144,241
Occupancy	209,275
Professional fees	171,175
Depreciation and amortization	5,471
Other expenses	<u>1,661,819</u>

Total Expenses 5,571,909

Income Before Provision For Income Taxes 148,874

Provision For Income Taxes 29,666

Net Income \$ 119,208

The accompanying notes are an integral part of these financial statements.

PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2007

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Stockholders' Equity Deficiency				
Beginning of year	\$ 1	\$190,335	\$ (275,101)	\$ (84,765)
Net Income	<u> </u>	<u> </u>	<u>119,208</u>	<u>119,208</u>
Stockholders' Equity				
End of year	<u>\$ 1</u>	<u>\$190,335</u>	<u>\$(155,893)</u>	<u>\$ 34,443</u>

The accompanying notes are an integral part of these financial statements.

PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
YEAR ENDED DECEMBER 31, 2007

Subordinated Liabilities

Beginning of year \$ 480,575

Decrease:

Payment of subordinated note (25,000)

Subordinated Liabilities

End of year \$ 455,575

The accompanying notes are an integral part of these financial statements.

PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

Cash Flows Used By Operating Activities:

Net income	\$ 119,208
Adjustments to reconcile net income to net cash used by operating activities:	
Depreciation and amortization	5,471
Changes in operating assets and liabilities	
Receivable from clearing broker	(137,448)
Deposit with clearing organization	199
Other assets	(32,441)
Accrued liabilities	<u>42,634</u>

Net Cash Used By Operating Activities (2,377)

Cash Flows Used By Investing Activities:

Purchase of fixed assets	<u>(46,980)</u>
--------------------------	-----------------

Cash Flows Used By Financing Activities:

Repayment of subordinated liabilities	<u>(25,000)</u>
---------------------------------------	-----------------

Net Decrease In Cash And Cash Equivalents (74,357)

Cash And Cash Equivalents, Beginning of Year 132,514

Cash And Cash Equivalents, End of Year \$ 58,157

Supplemental Disclosures:

Income taxes paid during 2007 \$ 24,000

Interest paid during 2007 \$ -0-

The accompanying notes are an integral part of these financial statements.

NOTE 1--Business And Summary Of Significant Accounting Policies

Perrin, Holden & Davenport Capital Corp. (the "Company") was incorporated under the laws of the state of New York on February 7, 1995. The Company is engaged primarily in brokerage, investment advisory services, investment banking, and hence is registered under the rules of the Securities and Exchange Act of 1934. The Company commenced operations on May 1, 1996.

The Company clears transactions on a fully disclosed basis and does not carry customer accounts and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k (2)(ii).

The following is a summary of significant accounting policies followed by the Company:

Accounting Method

Assets, liabilities, income and expenses are recorded on the accrual basis of accounting.

Revenue Recognition

Securities transactions and related revenues are recorded in the financial statements on a settlement-date basis; however, all transactions are reviewed and adjusted on a trade-date basis for significant amounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include short-term highly liquid investments, such as short-term deposits.

Property and Equipment

Property and equipment are recorded at cost and depreciation is computed using the straight-line method over the estimated life of the assets, generally three to five years.

**PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007**

NOTE 2--Due From Clearing Broker

The Company's clearing operations are provided by one broker. At December 31, 2007 the amount receivable from clearing broker reflected in the Statement of Financial Condition is due from this clearing broker in connection with such services. The clearing broker has the right to charge the Company for unsecured losses that result from a customer's failure to complete those security transactions.

NOTE 3--Property And Equipment

Property and equipment at December 31, 2007 are comprised of the following:

Furniture and fixtures	\$ 166,540
Machinery and equipment	201,320
Leasehold improvement	<u>1,000</u>
	368,860
Less: accumulated depreciation and amortization	<u>300,265</u>
	<u>\$ 68,595</u>

NOTE 4--Commitments And Contingent Liabilities

At December 31, 2007, the Company is obligated under a lease for office and storage space, which expires on May 31, 2008. Additionally, prior to December 31, 2007, the Company entered into a lease amendment for a new office and storage space, in the same building, which the Company expects to occupy in March or April of 2008 pending completion of the construction build out. This new lease will expire 10 years after the date of occupancy. Further, upon occupancy of the new space, the old lease will effectively terminate. The leases provide for increases in operating expenses over base year amounts.

Approximate future minimum annual rental payments under the leases are estimated as follows:

<u>Year Ending December 31</u>	
2008	\$ 212,878
2009	228,793
2010	234,516
2011	249,639
2012 and thereafter	<u>1,767,957</u>
	<u>\$ 2,693,783</u>

Rent expense for the year ended December 31, 2007 approximated \$196,280. The difference between the actual rent expense incurred by the Company and the minimum annual rental payments as reported in the financial statements is due to real estate and porter wage escalation charges.

**PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007**

NOTE 4--Commitments And Contingent Liabilities (Continued)

The Company is subject to lawsuits and claims that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such lawsuits and claims will not have a material adverse effect on the financial position of the Company. Further, the Company has an "error and omission" policy which provides substantial coverage.

NOTE 5--Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2007, the Company had net capital of \$354,558, which was \$254,558 in excess of the amount required. The Company's ratio of aggregate indebtedness to net capital was .98 to 1 at December 31, 2007.

NOTE 6--Liabilities Subordinated To Claims Of General Creditors

The subordinated borrowings are covered by agreements approved by the National Association of Security Dealers, Inc. and are thus available in computing net capital under the Security and Exchange Commission's Uniform Net Capital Rule

Borrowings under subordinated agreements expire on December 31, 2012 and bear interest at rates varying from 0% to 1%, as follows:

<u>Expiration Date</u>	<u>Date Interest Rate</u>	<u>Principal Amount</u>
12/31/2012	1%	\$ 410,575
12/31/2012	0%	<u>45,000</u>
		<u>\$ 455,575</u>

NOTE 7--Income Taxes

The provision for income taxes consists of the following:

Federal	\$ 0
New York State	3,525
New York City	<u>26,141</u>
Total	<u>\$ 29,666</u>

NOTE 7--Income Taxes (Continued)

The New York City tax provision is based upon an alternative tax calculation involving the add back of salaries to stockholders owning more than 5% of the Company's stock.

As of December 31, 2007, the Company had Federal, State and City net operating loss carryforwards of approximately \$78,000, \$73,000 and \$33,000 respectively, that will begin to expire in 2026.

As of December 31, 2007, the Company had a New York Liberty Zone Business Employee Credit of \$107,385 available to offset future Federal tax liabilities. This credit does not expire.

NOTE 8--Off Balance Sheet Risk

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. All of the customers' money balance and long and short security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company and must maintain, at all times, net capital of not less than \$100,000. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the customers' accounts.

In normal course of business, the Company's customer activities involve the execution, settlement and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

NOTE 9—Concentration of Credit Risk

The Company maintains its cash in financial institutions, which at times, may exceed federally insured limits. The Company has not experience any losses in such accounts and believes it is not subject to any significant credit risk on cash.

Supplementary Information

**PERRIN, HOLDEN & DAVENPORT CAPITAL CORP.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2007**

Net Capital	
Total stockholders' equity	\$ 34,443
Add:	
Liabilities subordinated to claims of general creditors allowable in computation of net capital	<u>455,575</u>
Total capital and allowable subordinated Liabilities	490,018
Deductions and/or charges	
Non-allowable assets	<u>(135,460)</u>
Net capital before haircuts on securities positions	354,558
Haircuts on securities positions	<u>-0-</u>
Net Capital	<u><u>\$ 354,558</u></u>
Aggregate Indebtedness	
Items included in the statement of financial condition	
Accounts payable and accrued liabilities	<u><u>\$ 346,084</u></u>
Computation Of Basic Net Capital Requirement	
Minimum net capital required	<u><u>\$ 100,000</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>.98 to 1</u></u>

Note: There is no material difference between this computation of net capital and the corresponding computation prepared by the Company and included in the Company's amended unaudited Part IIA Focus Report filing as of the same date.

120 Broadway
Suite 940
New York, NY 10271

TEL (212) 425-7790
FAX (212) 425-1165
E-mail: lhb@lhbassociates.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5**

To the Board of Directors
Perrin, Holden & Davenport Capital Corp.

In planning and performing our audit of the financial statements of Perrin, Holden & Davenport Capital Corp. for the year ended December 31, 2007 we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "Commission") we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve Systems, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weakness as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the NASD and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Hagan & Burns
CPA's PC

Hagan & Burns CPA's, P.C.

New York, New York
February 18, 2008

END